THE SECRETARY OF THE TREASURY
WASHINGTON

August 11, 1923.

SUPPLEMENTAL INSTRUCTIONS WITH RESPECT TO EXCHANGES, REPLACEMENT, AND REDEMPTION OF UNITED STATES PAPER CURRENCY.

To the Treasurer of the United States,
Federal Reserve Banks and Others Concerned:

Section 17 of the Secretary's confidential instructions of August 30, 1920, with respect to exchanges, replacement, and redemption of United States paper currency, as amended February 7, 1921, is hereby further amended so as to read as follows:

PAYMENTS OF CURRENCY AND COIN UPON EXCHANGE, REPLACEMENT OR REDEMPTION. United States notes are redeemable in gold coin; Treasury notes of 1890 are redeemable in gold coin or standard silver dollars; gold certificates are redeemable in gold coin; and silver certificates are redeemable in standard silver dollars. Under the provisions of the act approved March 14, 1900, as amended, sometimes known as the Gold Parity Act, it is, however, the duty of the Secretary of the Treasury to maintain all forms of money issued or coined by the United States at a parity of value with the gold standard defined by the act, and the Treasury's general policy is to make payments of gold not only in cases where it is demanded against United States paper currency or other obligations redeemable in gold, but also when demanded against other forms of currency as well as in the ordinary course of Government payments. The Treasurer of the United States is acting under general instructions to pay out gold certificates with other forms of money in the ordinary course of business, without demand, particularly in denominations ranging from $10 to $1000, and it is desired that so far as possible the Federal Reserve Banks shall follow a similar policy, particularly in making payments on Government account or on exchange, replacement or redemption of United States paper currency. It is not the policy to encourage the circulation of gold coin, for this involves a considerable loss due to abrasion and it is not generally needed to meet the demands of business. Specific demands for the redemption of United States paper currency in coin must, however, be honored, and no obstacle should be interposed to the circulation of gold coin if demanded. Whenever gold coin is demanded Federal Reserve Banks should pay out therefor available (but, so far as possible, NOT new) gold coin in the denomination of $20, avoiding the use of gold coin in the

denominations of $2.50, $5, and $10 unless specifically demanded. Payments of standard silver dollars should be freely made whenever desired, whether or not silver certificates or Treasury notes of 1890 are presented for redemption, for the circulation of standard silver dollars in many sections of the country is desirable in order to meet the needs of business and reduce the demands upon the Treasury for paper currency in the $1 denomination. In general, it is the policy of the Treasury to provide for payments of currency and coin at the Federal Reserve Banks on the same basis as at Treasury offices, and where the Federal Reserve Banks make payments in coin the Treasurer of the United States will make redemption in appropriate coin on request therefor by Federal Reserve Banks, upon surrender by them of United States notes, Treasury notes of 1890, gold certificates, or silver certificates. The expense of transportation of such coin will be paid from the appropriation "Contingent Expenses, Public Moneys", or such other appropriation as may be available, without application on the part of the Federal Reserve Banks. Where gold certificates are surrendered to the Treasurer of the United States the Treasurer will give appropriate credit therefor, upon request, in the Gold Settlement Fund. In cases where coin shipments are made, or where credit is given in the Gold Settlement Fund for gold certificates, Federal Reserve Banks will give corresponding credits for such amounts in the Treasurer's account as a transfer of funds.

S. P. GILBERT, Jr.,

Acting Secretary of the Treasury.